

**LEEDS GRAMMAR SCHOOL AND
LEEDS GIRLS' HIGH SCHOOL
FOUNDATION**

Report and Financial Statements

31 August 2021

**LEEDS GRAMMAR SCHOOL AND
LEEDS GIRLS' HIGH SCHOOL FOUNDATION**

REPORT AND FINANCIAL STATEMENTS 2021

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LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

TRUSTEES' REPORT 2021

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS

The Trust is registered with the Charity Commissioners under charity reference number 529215.

Nominations to the Board of Trustees are approved by the Governors of the Grammar School at Leeds, and all the Trustees, detailed below, have served throughout the period and subsequently, except where indicated.

	Date of Appointment
Mrs E E Bailey	5 July 2005
Professor C M Leigh	5 July 2005
Mr J Cross	2 April 2017
Mr P Jolly	18 May 2012
Mr J Woodward (Chair)	19 August 2016
Ms G Mitchell	23 March 2019
Ms J Harper	24 September 2019

Officers

Secretary:	Mrs E Carruthers
Treasurer:	Mr S Kingston
Registered address:	The Grammar School at Leeds, Alwoodley Gates, Harrogate Road, Leeds, LS17 8GS

Advisers

Bankers	Lloyds Bank Plc 65 Briggate Leeds LS1 6LH
	Royal Bank of Scotland Group P O Box 154 Leeds United Kingdom
Independent auditor	Saffery Champness LLP Mitre House, North Park Road Harrogate HG1 5RX
Solicitors	Lupton Fawcett LLP Yorkshire House East Parade Leeds LS1 5BD
Insurance brokers	Bartlett & Company Limited Broadway Hall Horsforth Leeds LS18 4RS
Investment managers	Brewin Dolphin 34 Lisbon Street Leeds LS1 4LX

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

TRUSTEES' REPORT 2021

The Trustees of Leeds Grammar School and Leeds Girls' High School Foundation ('the Foundation') present their annual report for the year ended 31 August 2021 under the Charities Act 2011, together with the audited financial statements for the year, and confirm that the latter comply with the requirements of the Charities Act 2011, the Trust Deed, and the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective 1 January 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Foundation was regulated by a scheme made by the Charity Commissioners in 1978, and after a number of revisions a new scheme came into being on 5 July 2005 in connection with the legal merger of Leeds Grammar School and Leeds Girls' High School to form the Grammar School at Leeds.

A unifying direction was issued on 25 November 2009 whereby the Leeds Grammar School and Leeds Girls' High School Foundation Award Fund for Girls, the Leeds Grammar School and Leeds Girls' High School Foundation Award Fund for Boys and the GSAL Award Fund were to be treated as forming part of the Foundation for the purposes of Part II (registration) and Part VI (accounting) of the Charities Act 1993, although the individual charities remained separate and legally distinct.

On 10 April 2015 the Charity Commission published a scheme whereby the funds and activities of the linked charities, being the Leeds Grammar School and Leeds Girls' High School Foundation Award Fund for Girls, the Leeds Grammar School and Leeds Girls' High School Foundation Award Fund for Boys and the GSAL Award Fund, were transferred into the Leeds Grammar School and Leeds Girls' High School Foundation, who will continue to pursue the same objects as those previously linked charities. The previously linked charities were removed from the Charity Commission register on 10 April 2015.

Recruitment and training of Trustees

The Trustees were selected both because of their relevant experience of the Trust's area of operations and because of their experience as Trustees of other bodies. The Trustees seek training opportunities in partnership with other local charitable bodies operating in similar fields. An induction process is in place for new Trustees when appointed, and they are made aware of on-going training opportunities.

Organisational Management

The Trustees met on seven occasions during the year. All operational decisions affecting the trust are undertaken by the Board of Trustees.

Risk Management

The Trustees have reviewed major risks to which the trust is exposed, particularly those related to the operation and finances of the trust. The Trustees have given consideration to the appropriate policies, procedures and systems to mitigate the trust's exposure to the major risks.

The principal risks of the Foundation are associated with its ability to continue to generate investment income and donations to support the work of the Grammar School at Leeds. The majority of the assets of the restricted funds are invested and so are subject to market fluctuation. The Trustees advise the Foundation's investment managers on the acceptable level of risk. A development group works for both the Foundation and School in order to develop fund raising activities as a whole.

OBJECTIVES AND ACTIVITIES

The object of the Foundation is the provision and conduct in or near the City of Leeds of two schools – one for boys called Leeds Grammar School and one for girls called Leeds Girls' High School. These two schools were legally merged on 31 August 2005 to form the Grammar School at Leeds (GSAL).

The Foundation's main objectives during the year were:

- to continue exploring ways of attracting additional funding and/or other ways of meeting the Foundation's objectives, including reviewing the benefit provided to the public through support of GSAL, in the light of changing legislative requirements.
- to assist, where appropriate, the Grammar School at Leeds with its review of activities and operations, in order to reduce overall costs of the services provided by the School without affecting their quality or scope.

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

TRUSTEES' REPORT 2021

The Foundation meets the definition of a public benefit entity under FRS 102. The Trustees confirm that they have had regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning activities.

ACHIEVEMENTS AND PERFORMANCE

The Trustees have had success in attracting donations to support bursaries awarded to pupils of the Grammar School at Leeds, in accordance with the objectives of the Foundation, and this work will continue to be developed. During the year the Trustees have reviewed various aspects of the Foundation's operations and have implemented changes to the Foundation's investment portfolio and bursary policy in order to provide additional funds to support bursary awards made by the school.

FINANCIAL REVIEW

Unrestricted funds

Income in respect of unrestricted funds amounted to £30,000 (2020: £30,000) arising from donations. Expenditure during the year was £8,390 (2020: £5,744). Net income from operations for the year amounted to £21,610 (2020: £24,256) resulting in total negative unrestricted funds carried forward of £213,802 (2020: £235,412).

Endowment funds

Tenants were in place at the house on Harrogate Rd for full year resulting in an increased property income of £11,716 (2020: £9,777).

As part of the plan to have all pupils taught at the Alwoodley site, the Foundation disposed of the land owned at Rose Court in Headingley during the previous financial year, leading to a realised gain of £321,787. The Morley House Trust also disposed of its leasehold interest at Rose Court and used the sale proceeds to repay the £1,500,000 loan to the Foundation. Following permission from the Charity Commission, the Foundation used these cash receipts to make a restricted donation of £2,240,000 to the Grammar School at Leeds for use in developing school premises to further the shared educational objectives of both charities. The restriction attached to the donation required that it should be used only for the development and maintenance of the Alwoodley Gates site. The funds had been fully utilised by 31 August 2021.

Endowment funds carried forward were £10,947,056 (2020: £10,938,065).

Restricted funds

Incoming resources in respect of restricted funds amounted to £723,712 (2020: £487,568) made up of interest, dividends, legacies and donations. The Coronavirus pandemic led to an increase in donations, primarily to support pupils whose families were experiencing financial hardship. The Morley House Trust made donations to the Foundation totalling £131,225 (2020: nil). Expenditure amounted to £391,071 (2020: £398,375), the majority of which was the contribution towards bursaries awarded by the Grammar School at Leeds with the balance made up of investment portfolio management expenses and bank charges. In March 2020 the Stock Market reaction to the Coronavirus pandemic led to a significant reduction in the valuation of the Foundation's portfolios, but since then this has recovered and there was an overall increase in total investment value by the year end at £5,718,513 (2020: £4,813,060). Realised and unrealised investment gains amounted to £634,948 (2020: losses of £239,810) making the net movement in total restricted funds an increase of £967,589 (2020: decrease of £150,617) and restricted funds carried forward £5,818,997 (2020: £4,851,408).

Total funds carried forward were £16,552,251 (2020: £15,554,061).

Fundraising

Fundraising is carried out on behalf of the Foundation by the Grammar School at Leeds ("GSAL").

GSAL is registered with the Fundraising Regulator and, as a result, has signed up to the Code of Fundraising Practice. No complaints have arisen this year with regards to the GSAL's fundraising activity. All marketing/advertisement of events and activities is planned and led by the GSAL Director of Development to ensure that it is not unreasonably intrusive or persistent.

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

TRUSTEES' REPORT 2021

Reserves policy

Net income after expenditure from unrestricted funds is normally donated annually to GSAL unless the Trustees have reason to retain it in furtherance of the trust's objectives, therefore no free reserves are considered necessary.

The unrestricted fund had a negative balance of £213,802 at 31 August 2021 (2020: £235,412). Having sought the views and advice of the Charity Commission, the Foundation Trustees have agreed with the Directors of the Grammar School at Leeds and the Trustees of the LGS General Charitable Trust to replenish these funds by annual donations over a period not exceeding twenty years.

Investment policy and objectives

The Trustees have wide investment powers as if they were beneficially entitled. Their policy has been to maintain the level of working capital. Each year the Trustees agree what the following year's bursary support to the School will be based on an agreed monetary amount. This gives certainty to the School in planning bursary awards and allows the Trustees to give appropriate direction to the investment manager, who is now instructed to manage the portfolio with the aim of providing, at a minimum, a defined level of bursary funds. The average income yield for the year was 2.99% (2020: 3.05%).

Relationships

Whilst not qualifying as related parties, LGS General Charitable Trust, the Morley House Trust and this charity share similar charitable objectives to support GSAL in meeting its own objectives, including provision of bursary funding for pupils and provision of buildings facilities for the education of children.

The Trustees review the financial position of the Foundation each year and decide on the donations to be made to GSAL.

PLANS FOR THE FUTURE

- to continue exploring ways of attracting additional funding and/or other ways of meeting the trust's objectives.
- where appropriate, assisting GSAL with its review of activities and operations, in order to reduce overall costs of the services provided by the school without affecting their quality or scope.

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, applicable accounting regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Trustees



John Woodward

Date: 17 November 2021

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

Opinion

We have audited the financial statements of Leeds Grammar School and Leeds Girl's High School Foundation for the year ended 31 August 2021 which comprise the statement of financial activities, balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with trustees and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

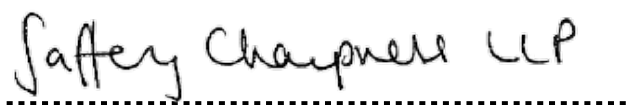
normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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Saffery Champness LLP

Mitre House
North Park Road
Harrogate
HG1 5RX

Chartered Accountants

Statutory Auditors

Date: 21 December 2021

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**LEEDS GRAMMAR SCHOOL AND
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STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 August 2021**

	Note	<u>Unrestricted Funds</u> £	<u>Permanent Endowment</u> £	<u>Restricted Funds</u> £	Total Funds 2021 £	Total Funds 2020 £
INCOME:						
Charitable Income – support of education						
Interest received		-	15	-	15	408
Dividends received		-	-	175,647	175,647	153,286
Donations received		30,000	-	548,065	578,065	364,282
Profit on sale of Rose Court		-	-	-	-	321,787
Other Trading Income						
Property income		-	11,716	-	11,716	9,997
TOTAL INCOME		30,000	11,731	723,712	765,443	849,760
EXPENDITURE:						
Raising funds:						
Investment management expenses		-	-	29,947	29,947	25,615
Charitable expenditure:						
Donation to GSAL		-	-	360,510	360,510	2,611,962
Bank charges		-	30	614	644	798
Operating expenses		1,625	2,710	-	4,335	4,545
Audit fees		6,765	-	-	6,765	5,744
Other expenditure – impairment of assets		-	-	-	-	96,449
TOTAL EXPENDITURE		8,390	2,740	391,071	402,201	2,745,113
Gains/(losses) on investments:						
Realised gains/(losses) on sale of investments		-	-	70,528	70,528	(92,108)
Unrealised gains/(losses) on revaluation of investments		-	-	564,420	564,420	(147,702)
NET INCOME FOR THE YEAR		21,610	8,991	967,589	998,190	(2,135,163)
Other recognised gains/(losses):						
Realised gain/(loss) on sale of tangible assets		-	-	-	-	-
NET MOVEMENT IN FUNDS	2	21,610	8,991	967,589	998,190	(2,135,163)
TOTAL FUNDS BROUGHT FORWARD		(235,412)	10,938,065	4,851,408	15,554,061	17,689,224
TOTAL FUNDS CARRIED FORWARD		(213,802)	10,947,056	5,818,997	16,552,251	15,554,061

All income and expenditure derives from continuing operations.

There are no recognised gains and losses for the current and prior period other than as stated above.

See note 11 for a comparative analysis of the 2020 Statement of Financial Activities.

**LEEDS GRAMMAR SCHOOL AND
LEEDS GIRLS' HIGH SCHOOL FOUNDATION**

**BALANCE SHEET
Year ended 31 August 2021**

	Note	<u>Unrestricted Funds</u> £	<u>Permanent Endowment</u> £	<u>Restricted Funds</u> £	Total Funds 2021 £	Total Funds 2020 £
FIXED ASSETS						
Tangible assets	3	-	2,730,000	-	2,730,000	2,730,000
Investments	4	-	-	5,718,513	5,718,513	4,813,060
CURRENT ASSETS						
Debtors - amounts falling due within one year	5	-	786	3,004	3,790	12,732
Debtors - amounts falling due after more than one year	5	-	10,900,000	-	10,900,000	10,900,000
Cash at bank and on deposit		(208,202)	362,549	102,677	257,024	148,417
		(208,202)	11,263,335	105,681	11,160,814	11,061,149
CREDITORS: amounts falling due within one year	6	(5,600)	(403,916)	(5,197)	(414,713)	(407,785)
NET CURRENT ASSETS		(213,802)	10,859,419	100,484	10,746,101	10,653,364
TOTAL ASSETS LESS CURRENT LIABILITIES		(213,802)	13,589,419	5,818,997	19,194,614	18,196,424
CREDITORS: amounts falling due after more than one year	7	-	(2,642,363)	-	(2,642,363)	(2,642,363)
NET ASSETS		(213,802)	10,947,056	5,818,997	16,552,251	15,554,061
FUNDS						
Permanent Endowment		-	10,947,056	-	10,947,056	10,938,065
Restricted	8	-	-	5,818,997	5,818,997	4,851,408
Unrestricted	9	(213,802)	-	-	(213,802)	(235,412)
		(213,802)	10,947,056	5,818,997	16,552,251	15,554,061

See note 12 for a comparative analysis of the 2020 total balances.

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**BALANCE SHEET
Year ended 31 August 2021**

These financial statements of the Leeds Grammar School and Leeds Girls' High School Foundation registered number 529215 were approved by the Board of Trustees and authorised for issue on 17 November 2021 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'J. Woodward', is written over a faint horizontal line.

John Woodward, Chairman

**LEEDS GRAMMAR SCHOOL AND
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**CASH FLOW STATEMENT
For the year ended 31 August 2021**

	<u>Note</u>	<u>2021</u> <u>£</u>	<u>2020</u> <u>£</u>
Net cash flows from operating activities	A	365,264	(989,126)
Cash flows from investing activities:			
Dividends & interest received		175,662	153,694
Proceeds from sales of investments		712,411	1,397,933
Purchase of investments		(1,144,730)	(1,260,342)
Proceeds from sale of fixed assets		-	740,000
Change in cash in the year		108,607	42,159
Cash at the beginning of the year		148,417	106,258
Cash at the end of the year		257,024	148,417

Cash and cash equivalents are represented by bank balances and cash.

**NOTE A: RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM
OPERATING ACTIVITIES**

	<u>2021</u> <u>£</u>	<u>2020</u> <u>£</u>
Net income/(expenditure) for the year	998,190	(2,135,163)
Interest & dividends receivable	(175,662)	(153,694)
(Profit) on disposal of fixed assets	-	(321,787)
Impairment of asset	-	96,449
(Gain)/loss on investments and transfers to cash	(473,134)	49,883
Increase/(decrease) in creditors <1yr	6,928	(11,018)
Decrease in debtors	8,942	1,486,204
Net cash inflow/(outflow) from operating activities	365,264	(989,126)

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2021

1. ACCOUNTING POLICIES

The Charity is registered with the Charity Commission under registration number 529215. It meets the definition of a public benefit entity under FRS 102.

The principal accounting policies adopted by the Trustees are described below.

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015.

Basis of preparation of financial statements – going concern basis

The charity has provided a guarantee under a loan agreement between the Royal Bank of Scotland and the LGS General Charitable Trust as disclosed in note 10. The guarantee embodies certain performance covenants for both the LGS General Charitable Trust and the Grammar School at Leeds (GSAL).

After making enquiries, the Trustees have a reasonable expectation that the LGS General Charitable Trust will have adequate resources to make the required capital and interest repayments to its bankers as they fall due and that the covenants will be met.

The Covid-19 pandemic affected the operations of GSAL during 2019-20 and continued to provide operational challenges in 2020-21. For the Foundation the risks of Covid-19 relate mainly to a potential negative impact on donations received, together with a possible increase in bursary funds required by GSAL for pupils needing financial support. The Trustees of the Foundation have reviewed the ongoing commitment to the annual donations to GSAL in order to preserve funds in the Foundation. To date there has been no negative impact on donations received, and some new donations have been made specifically to help with hardship bursaries and support for students in receipt of bursaries.

Accordingly, the Trustees continue to adopt the going concern basis in preparing the annual report and financial statements.

Income

All income is recognised in the statement of financial activities when the charity has entitlement to the funds, conditions for receipt have been met, it is probable that the income will be received and the amount can be measured reliably. The following accounting policies are applied to income:

Donations

Donations received are recognised in the Statement of Financial Activities in the period in which the charity is entitled to receipt.

Investment income

Dividends and interest are accounted for when receivable and include the related tax recoverable.

Expenditure

Direct charitable expenditure

Direct charitable expenditure includes all expenditure directly related to the objects of the charity and includes the following:

Donation to GSAL for bursaries and scholarships

Donations are made to GSAL towards the cost of bursaries. These are accounted for in the academic year to which they are used by GSAL.

Bursaries, prizes and scholarships

Scholarships and prizes are accounted for when the Trustees have accepted a legal or moral obligation to make the expenditure.

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2021

Other expenditure

Other expenditure represents expenditure incurred in the management of the charity's assets, organisational administration, and compliance with constitutional and statutory requirements. Administration services are provided by the Grammar School at Leeds free of charge and it is not possible to determine a reliable value of these donated services.

Fund accounting

The trust holds the following funds:

- Unrestricted funds - these funds can be used in accordance with the charitable objects at the discretion of the Trustees.
- Restricted funds - these funds can only be used for particular restricted purposes within the objects of the trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.
- Permanent endowment funds - income generated from these funds may be used in the furtherance of the objects of the trust, but the capital must be retained.

Tangible fixed assets

Freehold properties are stated in the balance sheet at cost or value at the date of receipt.

No depreciation has been provided on the freehold land at Alwoodley (occupied by the Grammar School at Leeds) or the property at 539 Harrogate Road. The Trustees consider that the residual values based on cost at the time of occupation are such that their depreciation is insignificant. The property at 539 Harrogate Road, Alwoodley has been reviewed for impairment in accordance with Financial Reporting Standard 102. Any impairment identified is charged against the original cost of the property.

Investments

Investments are stated at market value. Realised and unrealised gains and losses are shown separately in the appropriate section of the statement of financial activities.

Concessionary loans

Concessionary loans are initially measured at the amount received or paid. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any accrued interest payable or receivable, less any impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Taxation

As a registered charity the Foundation is exempt from income tax on its charitable activities.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described above, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2021

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

2. NET MOVEMENT IN FUNDS

Net movement in funds for the year is stated after charging:

	2021 £	2020 £
Auditors' remuneration	5,600	5,500

The Trustees received no remuneration or expenses in the performance of their duties as Trustees of the Trust in the current or prior year. The Foundation purchased insurance costing £504 (2020: £392) to protect the Foundation from loss arising from neglect or default of its Trustees and to indemnify the Trustees against the consequences of neglect or default on their part.

The charity employs no staff, employees from the Grammar School at Leeds provide support to the operations of the charity, however, it is not possible to place a value on these services which are provided free of charge.

3. TANGIBLE ASSETS

	Freehold land The Grammar School at Leeds, Alwoodley £	Freehold Property 539 Harrogate Road, Alwoodley £	Total £
Cost			
At 1 September 2020	2,500,000	230,000	2,730,000
At 31 August 2021	2,500,000	230,000	2,730,000

In respect of the loans held within the LGS General Charitable Trust, a first and third party first legal charge is given by the Leeds Grammar School and Leeds Girls' High School Foundation in respect of the Alwoodley Freehold.

4. INVESTMENTS

	2021 £	2020 £
Total investments		
Market value at 1 September 2019	4,813,060	5,000,534
Additions	1,144,730	1,260,342
Disposal proceeds	(712,411)	(1,397,933)
Net realised investment gains/(losses)	70,528	(92,108)
Net unrealised investment gains/(losses)	564,420	(147,702)
Net transfer between investments and cash deposits	(161,814)	189,927
Market value at 31 August 2021	5,718,513	4,813,060

**LEEDS GRAMMAR SCHOOL AND
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2021**

Cost as at 31 August 2021	4,647,597	4,404,641
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Investments comprise the following:

Investments	5,618,456	4,551,189
Cash held by investment managers	100,057	261,871
Market value at 31 August 2021	5,718,513	4,813,060

Investments are revalued at mid market value at the year end. All investments are held within restricted funds.

5. DEBTORS

	2021	2020
	£	£
Amounts falling due within one year		
Due from Grammar School at Leeds	3,004	12,732
Rent	786	-
	<u>3,790</u>	<u>12,732</u>
Amounts falling due after more than one year		
Amount due from the LGS General Charitable Trust	<u>10,900,000</u>	<u>10,900,000</u>

The amount of £10,900,000 due from the LGS General Charitable Trust is made up of three amounts. £6,050,000 relates to the equality of exchange resulting from the exchange of the Leeds Grammar School Moorland Road site, the Junior School property and the Playing Fields site at Lawnswood for the land at Alwoodley Gates, Leeds with the University of Leeds. £750,000 relates to a loan made by the Foundation to the Trust in connection with the building project on the Alwoodley site. An additional amount of £4,100,000 arose during 2014 and 2015 from the sale proceeds relating to the Headingley site which were loaned to the Trust. The loan arrangements were revised in April 2007 such that it is interest-free, unsecured and due to be repaid in one amount on 31 December 2067, with an option to make prepayments after 31 December 2028.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Creditors and accruals	<u>414,713</u>	<u>407,785</u>

Creditors include an amount of £401,916 owed to Morley House Trust (2020: £401,916).

7. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£	£
Loan from the Grammar School at Leeds	<u>2,642,363</u>	<u>2,642,363</u>

Interest was charged on the loan until 31 January 2014, but it is now interest free. It is partly secured on the property at 539 Harrogate Road.

LEEDS GRAMMAR SCHOOL AND LEEDS GIRLS' HIGH SCHOOL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2021

8. RESTRICTED FUNDS

On 10 April 2015 the Charity Commission published a scheme whereby the funds and activities of the linked charities, being the Foundation Award Fund for Girls, the Foundation Award Fund for Boys and the GSAL Award Fund, were merged with the Leeds Grammar School and Leeds Girls' High School Foundation. The previously linked charities were removed from the Charity Commission register on 10 April 2015. The various restricted funds inherited from the predecessor charities were reviewed and combined so that now only three separate restricted funds are maintained.

- Heritage Fund – combines all the historical restricted funds relating to bursaries.
- New Bursary Fund – intended to include all new donations, unless otherwise specified by the donor.
- Prize Fund – combines all the historical restricted funds related to prize awards.

See Annex A for a summary of the financial activities on these three restricted funds, and their net asset values.

9. UNRESTRICTED FUNDS

This fund had a negative balance of £213,802 at 31 August 2021 (2020: £235,412). Having sought the views and advice of the Charity Commission, the Foundation Trustees have agreed with the Directors of the Grammar School at Leeds and the Trustees of the LGS General Charitable Trust to replenish these funds by annual donations over a period not exceeding twenty years.

10. CONTINGENT LIABILITIES

Under a loan agreement entered into in July 2016 between the Royal Bank of Scotland plc (the Bank) and the LGS General Charitable Trust (the Trust) the Leeds Grammar School and Leeds Girls' High School Foundation has provided the following securities:-

- a first-party first legal charge in respect of the Alwoodley freehold
- a deed of sub-ordination subordinating the loan to the Trust to the indebtedness of the Bank.

At 31 August 2021, the borrowings of the Trust amounted to £32,089,288 (2020: £32,807,145).

**LEEDS GRAMMAR SCHOOL AND
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NOTE 11 - STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND-TYPE

	Note	<u>Unrestricted Funds</u> £	<u>Permanent Endowment</u> £	<u>Restricted Funds</u> £	Total Funds 2020 £
INCOME:					
Charitable Income – support of education					
Interest received		-	408	-	408
Dividends received		-	-	153,286	153,286
Donations received		30,000	-	334,282	364,282
Profit on sale of Rose Court		-	321,787	-	321,787
Other Trading Income					
Property income		-	9,997	-	9,997
Other income					
TOTAL INCOME		30,000	332,192	487,568	849,760
EXPENDITURE:					
Raising funds:					
Investment management expenses		-	-	25,615	25,615
Charitable expenditure:					
Donation to GSAL for bursaries and scholarships		-	2,240,000	371,962	2,611,962
Bursaries, prizes and scholarships awarded		-	-		
Bank charges		-	-	798	798
Operating expenses		-	4,545	-	4,545
Audit fees		5,744	-	-	5,744
Impairment of assets		-	96,449	-	96,449
TOTAL EXPENDITURE		5,744	2,340,994	398,375	2,745,113
Gains/(losses) on investments:					
Realised gains on sale of investments		-	-	(92,108)	(92,108)
Unrealised gains on revaluation of investments		-	-	(147,702)	(147,702)
NET MOVEMENT IN FUNDS	2	24,256	(2,008,802)	(150,617)	(2,135,163)
TOTAL FUNDS BROUGHT FORWARD		(259,668)	12,946,867	5,002,025	17,689,224
TOTAL FUNDS CARRIED FORWARD		(235,412)	10,938,065	4,851,408	15,554,061

**LEEDS GRAMMAR SCHOOL AND
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12 BALANCE SHEET - COMPARATIVE FIGURES BY FUND TYPE

	Note	<u>Unrestricted Funds</u> £	<u>Permanent Endowment</u> £	<u>Restricted Funds</u> £	Total Funds 2020 £
FIXED ASSETS					
Tangible assets	3	-	2,730,000	-	2,730,000
Investments	4	-	-	4,813,060	4,813,060
CURRENT ASSETS					
Debtors - amounts falling due within one year	5	-	-	12,732	12,732
Debtors - amounts falling due after more than one year	5	-	10,900,000	-	10,900,000
Cash at bank and on deposit		(229,857)	352,634	25,640	148,417
		(229,857)	11,252,634	38,372	11,061,149
CREDITORS: amounts falling due within one year	6	(5,555)	(402,206)	(24)	(407,785)
NET CURRENT ASSETS		(235,412)	10,850,428	38,348	10,653,364
TOTAL ASSETS LESS CURRENT LIABILITIES		(235,412)	13,580,428	4,851,408	18,196,424
CREDITORS: amounts falling due after more than one year	7	-	(2,642,363)	-	(2,642,363)
NET ASSETS		(235,412)	10,938,065	4,851,408	15,554,061
FUNDS					
Permanent Endowment		-	10,938,065	-	10,938,065
Restricted	8	-	-	4,851,408	4,851,408
Unrestricted	9	(235,412)	-	-	(235,412)
		(235,412)	10,938,065	4,851,408	15,554,061

**LEEDS GRAMMAR SCHOOL AND
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**Annex A – Summary of Financial Activity of the restricted Funds
For the year ended 31 August 2021**

	Reserves at 31/8/2020	Income	Expenditure	Other gains	Total increase in reserves	Reserves at 31/8/2021
	£	£	£	£	£	£
Heritage Fund	3,358,989	208,072	78,195	404,124	534,001	3,892,990
New Bursary Fund	1,283,605	509,546	306,224	188,498	391,820	1,675,425
Prize Fund	208,814	6,094	6,652	42,326	41,768	250,582
	4,851,408	723,712	391,071	634,948	967,589	5,818,997

2020 Comparative figures

	Reserves at 31/8/2019	Income	Expenditure	Other losses	Total increase/ (decrease) in reserves	Reserves at 31/8/2020
	£	£	£	£	£	£
Heritage Fund	3,647,643	117,937	205,812	(200,779)	(288,654)	3,358,989
New Bursary Fund	1,140,034	363,325	186,262	(33,492)	143,571	1,283,605
Prize Fund	214,348	6,306	6,301	(5,539)	(5,534)	208,814
	5,002,025	487,568	398,375	(239,810)	(150,617)	4,851,408